

A Regular Meeting of the City Council of the City of Hickory was held in the Council Chambers of the Municipal Building on Tuesday, June 7, 2022 at 7:00 p.m., with the following members present:

Tony Wood	Hank Guess	David L. Williams
Charlotte C. Williams	Aldermen	David P. Zagaroli
Danny Seaver		Jill Patton

A quorum was present.

Also present were City Manager Warren Wood, Deputy City Manager Rodney Miller, Assistant City Manager Rick Beasley, Deputy City Attorney Arnita Dula, City Attorney John W. Crone, III, Deputy City Clerk Crystal B. Mundy and City Clerk Debbie D. Miller

- I. Mayor Guess called the meeting to order. All Council members were present.
- II. Invocation by Reverend Cliff Moone, Retired Minister United Church of Christ
- III. Pledge of Allegiance
- IV. Special Presentations
 - A. Proclamation for National Homeownership Month – Presented to NAACP President Sam Hunt and Vice President Mervin Sealy; Housing Committee Jenna Ross, Habitat for Humanity and Tiffany Grey, Hickory Real Estate Group.

Mayor Guess asked NAACP President Sam Hunt and Vice President Mervin Sealy; Housing Committee Jenna Ross, Habitat for Humanity and Tiffany Grey, Hickory Real Estate Group to the podium. Mayor Guess mentioned they all realized the importance of having adequate and plenty housing available in the communities. They were certainly working towards those things, having more housing, having adequate housing, and having housing available for everyone. He wanted to take the opportunity, during the month of June, to Proclaim National Homeownership Month in the City of Hickory. He read and presented the Proclamation for National Homeownership Month to NAACP President Sam Hunt. Photos were taken. Mayor Guess thanked them for all they do to help promote homeownership in the community.

NAACP President Sam Hunt commented the Branch was excited that Habitat had become one of their committees in the housing area. He asked Jenna Ross from the Housing Committee to say a few words on behalf of the Housing Committee.

Ms. Jenna Ross commented they were grateful. They know that strong stable homes build strong and stable communities. They were excited to join the City of Hickory in celebrating the vitality of homeownership in the community. She thanked Council for the recognition.

Mayor Guess thanked them.

- V. Persons Requesting to Be Heard
- VI. Approval of Minutes
 - A. Special Meeting of May 12, 2022.

Alderman Patton moved, seconded by Alderman Zagaroli that the Minutes of May 12, 2022 be approved. The motion carried unanimously.
 - B. Regular Meeting of May 17, 2022.

Alderman Patton moved, seconded by Alderman Williams that the Minutes of May 17, 2022 be approved. The motion carried unanimously.
- VII. Reaffirmation and Ratification of Second Readings. Votes recorded on first reading will be reaffirmed and ratified on second reading unless Council Members change their votes and so indicate on second reading.

Alderman Patton moved, seconded by Alderman Williams that the following be reaffirmed and ratified on second reading. The motion carried unanimously.

 - A. Budget Revision Number 21. (First Reading Vote: Unanimous)
- VIII. Consent Agenda: All items below will be enacted by vote of City Council. There will be no separate discussion of these items unless a Council Member so requests. In which event, the item will be removed from the Consent Agenda and considered under Item IX.

Mayor Guess moved, seconded by Alderman Patton approval of the Consent Agenda. The motion carried unanimously.

- A. Approved on First Reading a Memorandum of Agreement with Olde Hickory Brewery for the Selling of Malt Beverages during the 2022 Sails Original Music Series Event.

Staff requests approval of the Memorandum of Agreement with Olde Hickory Brewery (OHB) for the selling of malt beverages during the Sails Original Music Series events on Friday evenings, June 3rd, June 17th, and Fridays in September 2022. The Sails Original Music Series event will occur Friday evenings beginning at 7 p.m. and ending at 9:00 p.m. OHB will begin serving alcohol during the Sails Original Music Series between 6:00 p.m. – 9:00 p.m. The event is being held on Union Square within the Social District. OHB has been an annual vendor at previous Sails events held in Downtown Hickory. During these events, OHB will serve malt beverages within the social district, as marked by signs, and in accordance with the social district rules. On Friday, September 16th, OHB will serve malt beverages at the Samuel Davis Field at the Sails Original Music Series event that is held in that location. The vendor has signed a Memorandum of Agreement provided by the City of Hickory and will provide their Certificate of Insurance (COI) and a \$25 fee. There is a designated area for the sales of malt beverages in accordance with N.C.G.S. 18B-1114.5. OHB, LLC has an ALE Malt Beverage Special Event Permit that allows them to provide craft beverages to audiences at events, as well as a Certificate of Insurance is provided to the City, along with a Memorandum of Agreement signed by both parties. Staff recommends Council's approval of the agreement with Olde Hickory Brewery for the selling of malt beverages during the 2022 Sails Original Music Series event.

- B. Approved a Resolution Approving the Town of Catawba (PWS: 01-18-040) Local Water Supply Plan.

Staff requests Council's approval of a Resolution approving the Town of Catawba (PWS: 01-18-040) Local Water Supply Plan. North Carolina General Statute 143-355 (1) requires all Public Water Systems to have a Local Water Supply Plan that is intended to give a report of the water systems current demands and a projection for future demands. This analysis is required to be performed and reported annually by Public Water Suppliers with major updates every five years that require the passage of a Resolution approving the document by the governing body/board. The City of Hickory Public Utilities Department developed the Town of Catawba Local Water Supply Plan due to the City of Hickory owning, operating, and maintaining this public water system. Hickory City Council is the governing body responsible for the providing these services due to this relationship. The City of Hickory owns and operates the Town of Catawba Public Water System, therefore must approve the Local Water Supply Plan for this Public Water System. Hickory City Council has full authority to establish operational rules, regulations and plans for the Town of Catawba Public Water System (PWS: 01-18-040) per the purchase contract from 2003. The Town of Catawba Local Water Supply Plan has been reviewed by NCDENR and has been found to compliant with NCGS 143-355 (1). Staff recommends Council's approval of a Resolution approving the Town of Catawba (PWS: 01-18-040) Local Water Supply Plan.

RESOLUTION NO. 22-29

RESOLUTION FOR APPROVING LOCAL WATER SUPPLY PLAN Town of Catawba PWS 01-18-040

WHEREAS, North Carolina General Statute 143-355 (1) requires that each unit of local government that provides public water services or plans to provide such services shall, either individually or together with other such units of local government, prepare and submit a Local Water Supply Plan; and

WHEREAS, as required by the statute and in the interests of sound local planning, a Local Water Supply Plan for the Town of Catawba, has been developed by City of Hickory Public Utilities Department and is approved by City of Hickory City Council as owners of the Town of Catawba PWS 01-18-040; and

WHEREAS, the City Council finds that the Local Water Supply Plan has been deemed to be in accordance with the provisions of North Carolina General Statute 143-355 (1) through review by NC DENR-DWQ Planning Staff and that it will provide guidance for the future management of water supply for Town of Catawba, as well as useful information to the Department of Environment and Natural Resources, Division of Water Resources for the development of a state water supply plan as required by statute;

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Hickory that the Local Water Supply Plan entitled, 2021 Local Water Supply Plan, is hereby approved and shall be submitted to the Department of Environment and Natural Resources, Division of Water Resources; and

BE IT FURTHER RESOLVED that the City Council intends that this plan shall be revised to reflect changes in relevant data and projections at least once every five years, in accordance with the statute and sound planning practice.

- C. Approved a Resolution Approving the City of Hickory (PWS: 01-18-010) Local Water Supply Plan.

Staff requests Council's approval of a Resolution approving the City of Hickory (PWS: 01-18-010) Local Water Supply Plan. North Carolina General Statute 143-355 (1) requires all Public Water Systems to have a Local Water Supply Plan that is intended to give a report of the water systems current demands and a projection for future demands. This analysis is required to be performed and reported annually by Public Water Suppliers with major updates every five years that require the passage of a Resolution approving the document by the governing body/board. The City of Hickory Public Utilities Department has performed the analysis and evaluation of the water use patterns and the available treatment capacities for the entire City of Hickory Distribution and Collection Systems. This plan is intended to reflect the current use patterns of the available water supply and then project forward 50 years to determine if system demands will surpass available capacity at any point in that period. This is one component of the North Carolina Water Supply Master Plan for the entire state. This evaluation is required to be performed, updated, and reported annually to NCDENR with major updates required every five years. The City of Hickory Local Water Supply Plan does not reflect an exceedance of available supply over this planning period. The City of Hickory Local Water Supply Plan has been reviewed by NCDENR and has been found to be compliant with NC GS 143-355 (I). Staff recommends Council's approval of the Resolution approving the City of Hickory (PWS: 01-18-010) Local Water Supply Plan.

RESOLUTION NO. 22-30

RESOLUTION FOR APPROVING LOCAL WATER SUPPLY PLAN City of Hickory PWS 01-18-010

WHEREAS, North Carolina General Statute 143-355 (1) requires that each unit of local government that provides public water services or plans to provide such services shall, either individually or together with other such units of local government, prepare and submit a Local Water Supply Plan; and

WHEREAS, as required by the statute and in the interests of sound local planning, a Local Water Supply Plan for the City of Hickory, has been developed and submitted to the City Council for approval; and

WHEREAS, the City Council finds that the Local Water Supply Plan has been deemed to be in accordance with the provisions of North Carolina General Statute 143-355 (1) through review by NC DENR-DWQ Planning Staff and that it will provide guidance for the future management of water supply for the City of Hickory, as well as useful information to the Department of Environment and Natural Resources, Division of Water Resources for the development of a state water supply plan as required by statute;

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Hickory that the Local Water Supply Plan entitled, 2021 Local Water Supply Plan, is hereby approved and shall be submitted to the Department of Environment and Natural Resources, Division of Water Resources; and

BE IT FURTHER RESOLVED that the City Council intends that this plan shall be revised to reflect changes in relevant data and projections at least once every five years, in accordance with the statute and sound planning practice.

- D. Approved a Cemetery Deed Transfer from Joan W. Neill, unmarried, and Myra Neill Johansen, unmarried, Individually and Co-Executors for the Estate of Robbie Winona Neill, Edward C. Neill and wife, Rita S. Neill, and Lynn B. Neill, unmarried to Joan W. Neill, Oakwood Cemetery, Section 56, Block D, Lot 2. (Prepared by Amber R. Mueggenburg, PLLC).

- E. Approved on First Reading Budget Revision Number 22.

ORDINANCE NO. 22-23 BUDGET REVISION NUMBER 22

BE IT ORDAINED by the Governing Board of the City of Hickory that, pursuant to N.C. General Statutes 159.15 and 159.13.2, the following revision be made to the annual budget ordinance for the fiscal year ending June 30, 2022, and for the duration of the Project Ordinances noted herein.

SECTION 1. To amend the General Fund within the FY 2021-22 Budget Ordinance, the expenditures shall be amended as follows:

FUNCTIONAL AREA	INCREASE	DECREASE
Public Safety	588,734	4,118,501
General Government	1,633,025	-
^I Economic & Community Development	16,750	-
^I Culture & Recreation	95,814	-
^O Transportation	76,300	-
^I Other Financing Uses	3,687,523	38,765
^O TOTAL	6,098,146	4,157,266

To provide funding for the above, the General Fund revenues will be amended as follows:

FUNCTIONAL AREA	INCREASE	DECREASE
Miscellaneous Revenue	428,214	-
Other Financing Sources	913,102	51,867
Sales and Services	14,279	-
TOTAL	1,355,595	51,867

SECTION 2. To amend the Fleet Fund within the FY 2021-22 Budget Ordinance the expenditures shall be amended as follows:

FUNCTIONAL AREA	INCREASE	DECREASE
General Government	29,960	-
TOTAL	29,960	-

To provide funding for the above, the Fleet Fund revenues will be amended as follows:

FUNCTIONAL AREA	INCREASE	DECREASE
Other Financing Sources	22,960	-
TOTAL	22,960	-

SECTION 3. To amend the Water/Sewer Fund within the FY 2021-22 Budget Ordinance the expenditures shall be amended as follows:

FUNCTIONAL AREA	INCREASE	DECREASE
Environmental Protection	188,373	-
TOTAL	188,373	-

To provide funding for the above, the Water/Sewer Fund revenues will be amended as follows:

FUNCTIONAL AREA	INCREASE	DECREASE
Other Financing Sources	188,373	-
TOTAL	188,373	-

SECTION 4. To amend the Transportation Fund within the FY 2021-2022 Budget Ordinance, the expenditures shall be amended as follows:

FUNCTIONAL AREA	INCREASE	DECREASE
Transportation	517,150	-
TOTAL	517,150	-

To provide funding for the above, the Transportation Fund revenues will be amended as follows:

FUNCTIONAL AREA	INCREASE	DECREASE
Other Financing Sources	517,150	-
TOTAL	517,150	-

SECTION 5. To amend the Solid Waste Fund within the FY 2021-2022 Budget Ordinance, the expenditures shall be amended as follows:

FUNCTIONAL AREA	INCREASE	DECREASE
Environmental Protection	55,940	-
TOTAL	55,940	-

To provide funding for the above, the Solid Waste Fund revenues will be amended as follows:

FUNCTIONAL AREA	INCREASE	DECREASE
Other Financing Sources	55,940	-

TOTAL	55,940	-
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SECTION 6. To amend the Stormwater Fund within the FY 2021-2022 Budget Ordinance, the expenditure shall be amended as follows:

FUNCTIONAL AREA	INCREASE	DECREASE
Environmental Protection	3,100	-
TOTAL	3,100	-

To provide funding for the above, the Stormwater Fund revenues will be amended as follows:

FUNCTIONAL AREA	INCREASE	DECREASE
Other Financing Sources	3,100	-
TOTAL	3,100	-

SECTION 7. To amend the City Walk (#B1C001) Capital Project Ordinance, the expenditures shall be amended as follows:

FUNCTIONAL AREA	INCREASE	DECREASE
General Capital Projects	160,000	198,826
TOTAL	160,000	193,826

To provide funding for the above, the City Walk (B1C001) revenues will be amended as follows:

FUNCTIONAL AREA	INCREASE	DECREASE
Other Financing Sources	160,000	38,765
Restricted Intergovernmental	-	155,061
TOTAL	160,000	193,826

SECTION 8. To amend the Book Walk (#B1L001) Capital Project Ordinance, the expenditures shall be amended as follows:

FUNCTIONAL AREA	INCREASE	DECREASE
General Capital Projects	270,000	-
TOTAL	270,000	-

To provide funding for the above, the Book Walk (#B1L001) revenues will be amended as follows:

FUNCTIONAL AREA	INCREASE	DECREASE
Other Financing Sources	128,000	-
Restricted Intergovernmental	142,000	-
TOTAL	270,000	-

SECTION 9. To amend the Old Lenoir Road (#B1O001) Capital Project Ordinance, the expenditures shall be amended as follows:

FUNCTIONAL AREA	INCREASE	DECREASE
General Capital Projects	335,000	-
TOTAL	335,000	-

To provide funding for the above, the Old Lenoir Road (#B1O001) revenues will be amended as follows:

FUNCTIONAL AREA	INCREASE	DECREASE
Other Financing Sources	156,000	-
Restricted Intergovernmental	179,000	-
TOTAL	335,000	-

SECTION 10. To amend the Aviation Walk (#B1N001) Capital Project Ordinance, the expenditures shall be amended as follows:

FUNCTIONAL AREA	INCREASE	DECREASE
General Capital Projects	335,000	-
TOTAL	335,000	-

To provide funding for the above, the Aviation Walk (#B1N001) revenues will be amended as follows:

FUNCTIONAL AREA	INCREASE	DECREASE
Other Financing Sources	156,000	-

Restricted Intergovernmental	179,000	-
TOTAL	335,000	-

SECTION 11. To amend the Bulletproof Vest Partnership 2020 (#G51103) Grant Project Ordinance, the expenditures shall be amended as follows:

FUNCTIONAL AREA	INCREASE	DECREASE
Public Safety	-	621
Other Financing Uses	631	-
TOTAL	631	621

To provide funding for the above, the Bulletproof Vest Partnership 2020 9#G51103) revenues will be amended as follows:

FUNCTIONAL AREA	INCREASE	DECREASE
Investment Earnings	10	-
TOTAL	10	-

SECTION 12. To amend the Design Foundry Building Reuse (#G5010H) Grant Project Ordinance, the expenditures shall be amended as follows:

FUNCTIONAL AREA	INCREASE	DECREASE
Other Financing Uses	-	12,741
TOTAL	-	12,471

To provide funding for the above, the Design Foundry Building Reuse (#G5010H) revenues will be amended as follows;

FUNCTIONAL AREA	INCREASE	DECREASE
Miscellaneous Revenue	-	12,500
Investment Earnings	29	-
TOTAL	29	12,500

SECTION 13. To establish the MUNIS/Tyler Technologies (#450001) Capital Project, the expenditures shall be amended as follows:

FUNCTIONAL AREA	INCREASE	DECREASE
General Capital Projects	1,700,000	-
TOTAL	1,700,000	-

To provide funding for the above, the MUNIS/Tyler Technologies (#450001) Capital Project, the expenditures shall be amended as follows:

FUNCTIONAL AREA	INCREASE	DECREASE
Other Financing Sources	1,700,000	-
TOTAL	1,700,000	-

SECTION 14. To establish the CVCC Innovation Workforce Center (#700014) Grant Project, the expenditures shall be amended as follows:

FUNCTIONAL AREA	INCREASE	DECREASE
General Government	7,500,000	-
TOTAL	7,500,000	-

To provide funding for the above, the CVCC Innovation Workforce Center (#700014) revenues will be amended as follows:

FUNCTIONAL AREA	INCREASE	DECREASE
Restricted Intergovernmental	7,500,000	-
TOTAL	7,500,000	-

SECTION 15. Copies of the budget revision shall be furnished to the Clerk of the Governing Board, and to the City Manager (Budget Officer) and the Finance Officer for their direction.

- IX. Items Removed from Consent Agenda – None
- X. Informational Item
- XI. New Business:
 - A. Public Hearings

1. Approved on First Reading the City Manager's FY2022-2023 Recommended Budget – Presentation by City Manager Warren Wood.

This public hearing was advertised in a newspaper having general circulation in the Hickory area on May 20, 2022.

City Manager Warren Wood advised tonight Council would consider the City Manager's FY 2022-2023 Recommended Budget. They start working on the annual budget when the fiscal year starts for the upcoming year. This had been a year-long process. He gave special thanks to Deputy City Manager Rodney Miller, and his staff, Finance, Johnathan Rosales, in the Budget Office, and Department Heads and their key staff. They would be seeing much of what they had already seen previously. This would not be new to City Council. They talked a lot about what they were going to go over tonight in their Council/Staff retreat as well as some small group meetings along the way. He presented a PowerPoint presentation. He would start out with current economic conditions, do the budget overview and then some demographic information. He advised they could feel free to stop him and ask questions or make comments if they needed to.

City Manager Warren Wood discussed current economic conditions. Every year they look at where the economy is and what they were seeing because that had a big impact on revenue projections, expenditure projections, and how they were going to put the budget together. What they had been seeing was an increase in sales tax revenue. The housing market had remained robust, a tremendous demand for housing in Hickory. Building permit activity had increased pretty noticeably through the year. They had a pretty steady stream of economic development announcements through the year. The population continued to grow. They were in an economic expansion mode. They hear rumblings of recession or whatnot, but they were currently not seeing that. The numbers, as of this month, they were not seeing any slowdown in their activity, but they keep a regular eye on that. They were in a pretty good place economically right now.

City Manager Warren Wood advised there were challenges that were not unique to the City. Supply chain issues continued to be a challenge. Inflation. Those two things kind of go hand in hand. Construction costs. A lot of what they do was in the construction field. They had seen significant increases in construction costs the last year or two. Workforce recruitment retention continued to be a challenge. Looking at the census data, they had talked about this at their Council/Staff retreat, the population was aging in the four-county region. Hickory and Catawba County were doing better than the four-county region, but the region as a whole was aging. On the inflationary side construction inflation was 12%. Although it was really higher than that. He mentioned that he was talking to a Manager today and they opened bids on a wastewater project, and it was 25% over their budget. They were seeing 25 to 30% bid openings over what the projected budget would be. That was a significant concern particularly because they have a lot of projects ongoing and or getting ready to be bid out. Service delivery that they do relates more to materials and supplies that you would find in the construction industry versus what the CPI was based on which was more market basket goods that individuals go to the store and buy. The materials that they buy were more robust than what the CPI was measured by. He pointed out some inflationary pressures. They were all seeing this at home and at the gas pump. Gas prices, natural gas, electricity. A lot of double digit increases over the past year on down the line. The City does not buy a lot of these but the first four impacted the City directly, but they were seeing double digit increases in inflation in these items.

City Manager Warren Wood discussed the budget overview. The City has 10 different funds that they manage the City's revenues through. They have a \$126 million dollar recommended budget that was approximately a 9% increase over the previous year's budget. A lot of that was capital-related items, a \$900,000 fire truck replacement as an example. There were some expenditures in this year's budget they did not have last year that were driving some of that up. They had some personnel related increases. Most of the City's financial activity as it related to the budget took place in the General Fund and in the Water and Sewer Fund, 50% of all the financial activities in the General Fund and another 30 plus or minus percent was in the Water and Sewer Fund. That was 80% of all of their activity and the annual budget was in those two funds.

City Manager Warren Wood discussed the General Fund which was a \$63 million dollar recommended budget. This was where typically departments were housed that did not produce a lot of revenue, police, fire, recreation, library, those sorts of departments were housed in the General Fund, which was supported primarily by the property tax revenue. He advised it was a 7% increase over the current

year's budget. Close to 80% of all the revenue in the General Fund comes from property tax and sales tax. The rest was made up by sales and services, and investment earnings, and that sort of thing. The City had control of how they set the property tax rate. They do not have control over setting the sales tax. That was a limitation that they have on creating new revenue by raising taxes. They try to do it organically by increasing the tax base. The increase over the last three years had increased the tax rate by six cents. That was to service the debt of the \$40 million dollar GO bonded debt that they have. That was complete in terms of the taxes that were raised to cover that. They had thought before they got into the bond program, it would be between six and eight cents. They were on the lower end of their estimate, which was good. In addition to the \$40 million related to bond projects, they had secured over another \$50 million in grant funding to go towards those projects. All the projects were twice as big as what they had originally been planned to be. The property tax rate was recommended to stay the same, 62.75 cents. He noted this was going to be a big issue next year. They expect significant increases in property values to come out of Catawba County's next reevaluation. That would likely result in the reduction of their property tax rate. Every four years, Catawba County goes out and revalues everybody's real property. They all knew what they had been seeing with the housing market, and commercial, and industrial. Those increases that they had been seeing were going to be reflected in the values. They would have an opportunity to reduce the property tax rate to offset the increase in values that they would be seeing, but that would be Catawba County that sets the values, not the City, they just set their rate. They had previously discussed the possibility of a property tax increase to provide the maintenance that would be needed on the new trail system. They had done some things internally to create some efficiencies. He gave special thanks to Public Works Director Steve Miller and his group at Public Works. They had been able to squeeze out some costs savings to be able to cover those without raising taxes or fees. They had about \$300,000 identified that could go towards maintaining the initial legs of the trail system. A lot of that came about as they consolidated parks maintenance with landscape maintenances, and they achieved some efficiencies. That was a good first step towards coming up with some funds to properly maintain the new trail system. The City had a very strong financial position. They got a bond rating that had increased from AA- to AA+ over the past few years. The next stop there was AAA, which was as high as they could get. They would be an elite company if they could make it to that point next time around. The last \$10 million dollars the City issued in bonded debt was issued this past fall. They had an extreme low interest rate of 4.9%. He was looking at rates before the meeting and now rates were probably about double that. The timing was really good on that. That was significant savings in interest payments over the term of that bonded debt.

City Manager Warren Wood discussed the personnel side. They had been having challenges with recruitment and retention. He referred to the increases he had shown in those market basket goods, and advised they were recommending for employees that were on board July 1st, a \$1,000 increase. That was over the course of 12-months. A \$1,000 increase in individual salaries in response to the cost-of-living pressures. He had been with the City, for the most part, since 1993 and this was the first time, he could recall having recommended a cost-of-living increase. In addition to that, employees' merits were based on their performance, merit pay. They were recommending a 3% merit increase for coworkers who meet their performance standards and a 4% for those who exceed those standards. Last year it was 2.5 and 3.5, that was an increase over the current year's budget that they were in right now, it was 2.5 and 3.5. That was an increase. Those were pressures that they were seeing on the personnel side. They had talked about inflation being transitory. He did not know if that was going to be the case, but they would have to see how this plays out. He mentioned the \$1,000 was for employees who were onboard July 1st, and it was spread out over 12-months. If the employee came in on August 1st, they were not getting that. That was just for current employees.

Aldерwoman Patton commented because of inflation, was there any wiggle room in there to adjust those numbers further if inflation was not transitory.

City Manager Warren Wood advised they would not be able to go back for those that got it. But they would not be giving it for those that come on board moving forward. He said no, but they could always reduce, they were not proposing it, but the way they would do that was to just reduce salaries. He did not know that they would recommend that, but City Council could choose to do that. He thought currently on board considering their vacancies, there were probably 700 positions, but filled they have probably 640, so that was \$640,000. As folks leave, they stop getting it and they have to earn it through the year for the 12-months.

City Manager Warren Wood discussed the water and sewer side. The average household uses 5,000 gallons of water a month. That was the average across the State. That was what they would typically see in your standard household. Based on 5,000 gallons of usage, their bill would be \$60.29. If they look at all across the State, which was 377 systems, they should have the max of 210 and the minimum of 28 you got the median of \$81.60. That gave them some idea of other systems around the State. He advised the larger systems, 25,000 customers or more. The City has about 100,000 customers. That was 24 systems that were of that size, and he referred to the PowerPoint and pointed out as far as the median was concerned, they were competitive with that. He referred to the PowerPoint and pointed out another one. If they look at systems with a similar median household income of \$45,000 to \$50,000, there were 29 systems that fell into that category. It was about an \$80 - \$81-dollar monthly bill, the City was just over \$60. These numbers came from the UNC School of Government. There was a dashboard that they could play with and come up with different scenarios related to water and sewer systems and comparisons. In the Catawba River Basin, there were 20 systems from up above Morganton down to below Charlotte. Ironically, the median was \$60.29, which was exactly what they were recommending, so they were right at the median on that. He referred to the PowerPoint and noted some individual comparisons. Just in Western North Carolina, cities our size, if they were at \$60 and some change, they were still below Kannapolis, Statesville, Asheville, Boone, Shelby, Gastonia, Mooresville, Hendersonville, and Concord. They were competitive with other cities our size as well. He mentioned that Lenoir had a lower monthly bill, and Morganton had a lower monthly bill. Also, in the Water and Sewer Fund there was a \$36 million dollar budget which was a 13.6% increase. Much of that had to do with a new capital expense in that fund. It would be a 3% increase that would create that \$60.29 percent per month residential bill. He mentioned that years ago, they used to have a system in the 90s that the more water you used, the less you paid per gallon which was the opposite of conservation. They did away with that, but that was just how things had changed through the years. Alderman Wood had sent some articles on some things going on out west where they were seeing a lot of droughts. This was a tremendous resource that they have that they need to protect in the Catawba River, particularly being on the upper end of the basin was important. Within the next few years, the North Carolina Department of Transportation (NCDOT) with the projects they have funded they were requiring local governments to participate at 25% of the cost of relocating water and sewer lines as they widen roads. The big one was going to be US 321. They would need to think about starting to set money aside for that expense probably starting next year. Additionally, they had seen some unprecedented flooding in the last 10-years. They had seen challenges at their Snow Creek and Falling Creek pump stations in terms of flooding and those getting knocked offline and then the sewer flows into the lake, and it was just bad. They had applied for some FEMA money to mitigate that and prevent those pump stations from flooding. Those were two major pump stations. They had received Federal funding for the Falling Creek pump station off Cloninger Mill Road at \$9 million dollars and they were hopeful that they would also receive \$7 million dollars to protect the Snow Creek pump station against flooding. They would find out about that later this year. There was some more grant money that they had been able to secure.

City Manager Warren Wood discussed biosolids. They had talked about this at a previous meeting. Public Utilities Director Shawn Pennell did a presentation regarding the biosolids facility. When they think about recycling, they think about household recycling. This was a different form of recycling, probably their most expensive form that they were involved in. Council awarded, a few meetings ago, a \$34 million dollar construction contract for the new biosolids facility. It would be at the Henry Fork Wastewater Treatment Plant. It would be the single largest construction project they had ever undertaken. They had secured, due to Mr. Miller's expertise, in how to get low interest loans, they secured a State Revolving Loan of 1/10 of 1% interest rate over 30-years. That was good. It was not free money, but it was close. They were excited about that, but that was still a million dollars a year debt service payment, but it was a lot less than what it would have been with a higher interest rate.

Alderman Seaver asked if they had customers that used this composting.

City Manager Warren Wood replied yes. The City of Conover was a 15.5 percent customer. They were paying 15.5% of the overall costs. They would be a customer and they would also have individual customers. As an example, the City of Newton land applies their sludge, and they find these fields and they get them permitted and they land apply. When it was wet, they could not do that so they can bring it to the sludge composting facility, but they would charge them for it. As another example sludge haulers. Those were some examples of that. The increase in that budget was 12.4%. They still have the old facility that was

operating, it was a 30-year-old facility. They would start construction on the new facility this year and probably start making those debt service payments late this coming fiscal year or next. They were excited about that project.

City Manager Warren Wood discussed the solid waste fund, almost \$6.6 million dollars in the recommended budget for the coming year, that was a 2.7% increase over the current year's budget. They were recommending a \$1 increase to the solid waste fee to \$26 a month. It was one of their most popular services, a very robust solid waste service system with household stops made at every home. Every week for residential, yard waste, and junk items, and then every other week for recycling. They would have some decisions to make in the next couple of years on recycling. Some cities were moving away from the household. The City does recycle in other ways, like with sludge, the yard waste, and the leaves and that sort of thing. As far as the household recycling, he knew that Gastonia had moved to convenience centers as has Kings Mountain and some others. Newton had suspended their service and he did not know if they were going to get back in or not. They would have some decisions to make in the next couple of years. The market for recycled goods was not what it used to be. To be quite honest, a lot of that had ended up in the landfill. They were paying for recycling that was going to the landfill in many cases.

Mayor Guess asked if their contract was for two more years.

City Manager Warren Wood replied it was two or three. They have a little bit of time, and they were working on seeing what some options might look like.

Alderman Wood commented it was because of contamination. Right?

City Manager Warren Wood responded yes, much of that was contamination. People not putting the right items in the right bucket, you contaminate a whole load, and then it had to go to the landfill. He thought landfill costs were \$120 a ton. They were paying \$120 a ton oftentimes to take it to the landfill. Some of it was economics. They want to be good stewards of the environment but there were limitations in terms of the costs. They were looking at some options and what some other communities might do. Also, in the solid waste fund they were working to make that a self-supporting fund with the fee. It was self-supporting it covers all the operation and typically 50% of its capital. The other 50% of the capital would come from the General Fund or the Fund Balance in that fund and they had fund balance this year to cover that. Replacing three garbage trucks a year, those were \$250,000 apiece, and those are big expenses, but again, it was a very robust service that the City provides.

City Manager Warren Wood discussed the Airport Fund, almost a \$2 million dollar budget recommended. It was self-supporting and became self-supporting a number of years ago. It had previously been supported by a transfer from the General Fund. They have the partnership with Burke County on hangar development. As they increase the tax base at the airport, most of which was in Burke County as well as Hickory, they had agreed to give 50% of any increase in revenue back to the City for additional hangar development. It was a self-fulfilling sort of program there, a self-funding program. They got \$75,000 in revenue so far. He referred to the PowerPoint and displayed a picture of a new hangar at the airport which should be ready this month. They would have a ribbon cutting on that with the folks from Burke County that they would let them know about it. It looked really good.

Mayor Guess asked if he was correct that they already had potential clients for that hangar.

City Manager Warren Wood replied yes, they were doing well with aircraft coming in wanting to be at the Hickory Airport. Much of the annual budget, they have these incremental increases, they were replacing a fire truck, a lot of it was not very dynamic from year to year. The most interesting or controversial thing they would do was set the property tax rate. They would have a chance to set it next year with the revaluations, but typically there was not a lot of new things going on in the annual budget. Most of the capital projects that were accomplished were done through a different process that was not part of the annual budget but equally important. Obviously, they have all the bond projects that were underway at different stages. They were working to build out Trivium West which was the west part of Startown and then they have Trivium East which was 106 acres plus or minus that the City and the County purchased together for development. They would be installing infrastructure, water, and sewer as well as roads on that piece of the Business Park. They were working and making great headway on completing the Aviation Walk. The Riverwalk on-land portion was getting close. The supply chain with the railings and all that but the on-water

portion should be another year to 16-months. The construction of the Historic Ridgeview Walk, the design was done, and they should be bidding that out in the next month or two. They had some fine tuning to do on some items, but all the design was done on that, as is the OLLE Art Walk which was Old Lenoir Road. That should be bid out probably a month or so after the Historic Ridgeview Walk. At that point they would have everything under contract and under construction. Additionally, they have improvements to Deidra Lackey Memorial Park related to the Lackey project. They finally made it through some of the last regulatory hurdles related to that and they have a \$3 million dollar park improvement project to go along with the event center that the Lackeys would build. They were completing the burn training structure for the Fire Department in partnership with CVCC, so the fire staff did not have to go to Morganton to the Western Piedmont Facility to train anymore. They stay right here in town, so if there were an issue, they were right here in terms of responding to calls, if something were to breakout. Improvements to 9th Avenue Drive Northwest, which was the road up to the Hickory Regional Airport. They were finally getting to the close of the design on that so they could move into bidding that out and getting the construction phase. That was a big project. They were continuing to look at property near and around the Hickory Regional Airport as it becomes available. That was an ongoing program. They were very excited about. They got the design and were getting close to being ready to bring City Council the contract for the design of the Aviation Museum. They were able to secure \$15 million dollars from the State of North Carolina with the help of Senator Proctor for the CVCC Workforce Innovation Center which would be co-located with the Aviation Museum. They were making good headway on the fundraising. On the aviation side, they had the funds in hand on the Workforce Innovation Center. Completing the design for the 17th Street extension. That was the street that goes in front of what was now the ASU Hickory building, the former Corning Headquarters. If they were coming down 17th Street it "T's" on the Lenoir side, so it would go straight through to Clement Boulevard. They were actually not completing design they were starting design on that. They have construction on the additional single family affordable housing on City-owned lots, six of those were going currently in the Ridgeview Community. They would wrap those up and get the next set going. He had talked about the construction of the biosolids facility. They have the annual budget then there was all this other that was on top of that, which was great activity to have. They had a lot of success at the Trivium Corporate Center off Startown Road. He referred to the PowerPoint and pointed out some of the announcements over the last few years, \$359 million dollars in investments had been announced, and 772 new jobs, all paying above the Catawba County average wage. They had three more lots left on the west side, 106 acres on the east side. They had a lot of success. Being so close to the CVCC Workforce Solution Complex had been a great benefit to being able to land a lot of these projects. They had talked about ASU Hickory located in Hickory and they had expressed the desire to grow. They had reached the point in Boone where they really could not grow anymore. They were excited to have them in Hickory and excited to see them grow and serve the community and the metro area. MetroNet was installing fiber to the home. A network throughout Hickory that would be up to 1G gigabyte both in and out of the home. For folks that work from home that would be a great service if they choose to buy that. Folks would have the option of doing that. He thought this was the largest project in the four-county region that was funded by the NCDOT that made it through the funding cycle which was the widening of US 321. It was a \$350 million dollar project, a six-lane super street. The City would have a pedestrian crossing that goes over. They would also be an interchange at 1st and 2nd Avenue SW. That was a big project. He thought that it was through the design phase and right of way acquisition, so they would be getting wrapped up on that. He mentioned the expansion of the Hickory Metro Convention Center. They had a 40,000 square foot expansion of that facility and that was funded through the hotel/motel occupancy tax. City property tax dollars do not go into that. When you stay at a hotel in Hickory, 6% of the of the bill was going to be the hotel/motel occupancy tax. It comes back to help fund this Convention Center that the City owns. That would be about \$15 million, assuming the construction prices do not get them, that would be a \$15 million dollar project. When that project was done the Hickory Metro Convention Center would be larger than the Winston-Salem Convention Center. He mentioned the homegrown businesses. MDI made a \$120 million dollar investment. He could not list all the smaller businesses that had expanded, but they had a number of those that had seen a lot of success, smaller businesses in the community as well.

City Manager Warren Wood discussed demographics. They had gone over this at the Council/Staff retreat, just looking forward the next 10-years, the demographics of our region. He referred to the PowerPoint and noted the areas between 2010 and 2020 which lost population. The four counties were at the top and then the various municipalities within those counties below. There were

three out of the four counties in the metro area, Alexander, Burke, and Caldwell that lost population. Catawba County grew in population, and Hickory grew in population. Catawba County grew by as a whole 6,700 and Hickory represented 55% of the County's overall growth, which was strong. People talk about southeastern Catawba County, well, the City of Hickory grew faster and stronger than the southeastern part of the County and really it was just during the last few years of that census. The City did not grow on the first part of that census. They were seeing some good growth. It was not exponential, it was not uncontrollable, it was good, it was what they would like to see. The rest of the region did not fare as well in many cases. This was important to them because Hickory was the hub of the four-county region. There was 365,000 people in the four-county region. The City's population more than doubles during the day. Those folks were coming from Burke, Caldwell, Alexander, and parts of Catawba County. That was important that they grow. It was important that we grow. Hickory could not do all of it. They do not want to do all of it. They want everybody to be successful in getting some growth. Those were some issues from a policy perspective. He knew the Western Piedmont Council of Governments focused on that, but they could not be sitting here 10-years from now looking at even more red on the chart. For the region that was probably one of the biggest challenges. He advised a lot of these metro areas, Durham, Asheville, Burlington, some of them went negative, but a lot of them were seeing about a one plus percent growth a year on average, this was the 10-year census cycle that they were looking at. They have an unofficial target of 2% a year population growth. City Council had not adopted that, but they felt like that was a solid number, a decent number to grow by, manageable. The metro area as a percentage would grow less because it was more rural, they were more urban. The metro area was going to grow less than the urban areas, but they want both to be growing. A one percent growth for the metro area would be a good target. They technically lost a few people. It was basically flat, technically a negative, but they need to be growing over the next 10. That was quality of life, that was creating job opportunities that folks that live here could take so they could stay here, or they could move in from other areas and take. What they were doing with Trivium creating those higher paying job opportunities for folks that already live here as well as folks that might want to be looking to move here and the quality of life that would go along with that, for example what they were doing with the trail systems. Approximately 15-years ago, when the bond program was envisioned, that was the whole idea because they were losing that working age demographic. He referred to the PowerPoint and noted the regional median age by metro area. They were an older metro 43.3 years was the median age. Asheville had a lot of retirees, so they had a little bit more of an older population there. Hickory skewed older. In 8-10 years from now, they need to know what they can do to turn the tide on that. That was a regional challenge. He pointed out that Jacksonville had a military base as does Fayetteville, so they were going to skew a little bit younger. That gave them an idea of what they were looking at age wise.

City Manager Warren Wood discussed job opportunities. In the four-county region, there were over 11,000 job openings in the metro area. Some of those were jobs that people would move here for, some of them were not. They do not have the applicant pool. The City sees this when they were advertising for positions. He advised that 7,000 of those jobs were in Catawba County. That was a challenge, but it was an opportunity. Being in North Carolina, being in Western North Carolina on I-40, they were an hour from Charlotte and Charlotte Douglas Airport, they were less than that to the Blue Ridge Parkway, and Asheville and Winston. Geographically this was a really great place. If he was picking a spot to put a town, this would be it. He thought they were in a really good position to make some headway in turning some of those different demographic numbers around. But again, the City was 45,000 people, the metro area 365,000 that was just a piece of it that they could move the needle on. He asked for any questions or comments before they opened it up for the public hearing.

Alderwoman Patton referred to the housing issue which he discussed. She asked how many City properties they had collectively, that could turn into affordable housing.

City Manager Warren Wood replied they had dozens. They could go years and do 6, 7, 8 a year. He would have to look at the numbers. Through the course of the City's existence for one reason or another, they had just come into ownership to these various lots through the years that they need to get back on the tax rolls, it would be better served with single family affordable housing. It could go on for years.

Alderman Wood questioned the timing and costs of dismantling the current sludge composting facility. He asked if he had a clue about that.

City Manager Warren Wood commented the transition would be easy because they would not have to have it dismantled before. It would be up and running the day before the new facility was complete. Dismantling that, there was not much out there. They had talked about repurposing that potentially for additional yard waste storage because it had already been kind of used for that type of purpose. They may not dismantle all of it, they may repurpose that property because the current yard waste facility was jam packed and that way, they could have two on both ends of town and would be more convenient, and more efficient for staff. They would keep the housing structure that was out there, and it already had the pads. There may be some things they would dismantle, for example conveyor belts and all that stuff but that would be a very intensive process.

Mayor Guess asked for any other questions from Council.

Alderman Zagaroli asked had they sold all the houses that they had built.

City Manager Warren Wood advised they sold the first two.

Community Development Manager Karen Dickerson advised they sold the first two. The City was not selling the six that were currently under construction, they were doing that through the development company. It was her understanding through the real estate agent that they were all under contract.

City Manager Warren Wood commented these houses were \$165,00-\$170,000.

Community Development Manager Karen Dickerson advised \$155,000 without garages and \$168,000 with garages.

City Manager Warren Wood commented that was about as cheap as you could build, because they are giving the property and trying to discount where they could, but that was about as cheap as a house could be built. He remembered his first house was \$55,000 and that seemed like a lot. They have the down payment assistance program and some other programs that would help people get in those houses. He did not know how many of those had been utilized related to those six.

Community Development Manager Karen Dickerson did not know for sure either, because the Western Piedmont Council of Governments (COG) was doing the approval.

City Manager Warren Wood advised they would come back with a presentation on that.

Alderman Seaver advised he saw recently that the average home price in Hickory was around \$233,000. It may be more than that.

City Manager Warren Wood commented it may be more than that.

Community Development Manager Karen Dickerson advised it was more than that.

City Manager Warren Wood thought it might be up in the \$300,000s.

Alderman Wood asked if the sales prices fluctuate with the cost of construction on those.

City Manager Warren Wood responded not as much because they had a very unique framing system that they do in a factory, and it was metal framing. These were actually discounted in terms of the framing that was done in the factory with the metal framing was a lot less expensive than the traditional. That was one of the reasons they chose this company.

Community Development Manager Karen Dickerson advised another reason was because it was all vertically integrated, they were not paying retail prices.

Mayor Guess asked for any other questions.

City Manager Warren Wood gave special thanks to Deputy City Manager Rodney Miller and his staff, and Johnathan Rosales, and all the department heads and their staff. There was a lot of work that goes into that, and Council puts hours into it. He really appreciated everybody's effort on that.

Mayor Guess commended the staff. He knew that the budget processes, they think of it during this period of time, but it was actually ongoing all the time. He reiterated what City Manager Warren Wood had said in the beginning, this was not the first time they were seeing this, it was available to the public. It was all public documents and information. It was located at the library, and online and anybody that had questions or concerns about it, they were getting ready to have a public hearing, but other than that they could view it or ask questions or any comments that they would like to make. Council would vote on this.

City Manager Warren Wood advised Council would have their second reading on the recommended budget at their next meeting. First reading would be tonight.

Mayor Guess asked for any other comments or questions from Council before he opened the public hearing. Mayor Guess explained the rules for conducting the public hearing. He declared the public hearing open and asked if there was anyone present to speak in opposition to the proposal. Mr. Michael McDonald had signed up to speak but was not present to be heard. No one appeared. Mayor Guess asked if there was anyone present to speak in favor of the proposal. No one appeared. Mayor Guess closed the public hearing.

Alderman Zagaroli moved, seconded by Alderwoman Williams approval of the FY 2022-2023 Recommended Budget. The motion carried unanimously.

ORDINANCE NO. 22-24
Budget Ordinance Fiscal Year 2022-2023

BE IT ORDAINED by the Governing Board of the City of Hickory, North Carolina:

SECTION 1: It is estimated that the following revenues will be available in the General Fund for the Fiscal Year beginning July 1, 2022, and ending June 30, 2023:

Ad Valorem Taxes	\$ 34,321,707
Other Taxes	20,605,321
Unrestricted Intergovernmental Revenues	752,250
Restricted Intergovernmental Revenues	2,591,725
Licenses and Permits	4,500
Sales and Services	1,251,607
Investment Earnings	100,000
Miscellaneous	381,000
Other Financing Sources	<u>3,133,325</u>
	\$ 63,141,435

SECTION 2: The following amounts are hereby appropriated in the General Fund for the operation of the City government and its activities for the Fiscal Year beginning July 1, 2022, and ending June 30, 2023, in accordance with the chart of accounts heretofore established for this City:

General Government	\$ 12,073,561
Public Safety	28,390,638
Transportation	6,957,872
Economic and Community Development	4,115,737
Culture and Recreation	4,400,488
Other Financing Uses	2,010,778
Debt Service	4,192,361
Contingency	<u>1,000,000</u>
	\$ 63,141,435

SECTION 3: It is estimated that the following revenues will be available in the Water and Sewer Fund for the Fiscal Year beginning July 1, 2022, and ending June 30, 2023:

Restricted Intergovernmental Revenues	\$ 1,105,679
Sales and Services	26,634,190
Investment Earnings	60,000
Miscellaneous	610,000
Other Financing Sources	<u>7,636,011</u>
	\$ 36,045,880

SECTION 4: The following amounts are hereby appropriated in the Water and Sewer Fund for the operation of the water and sewer utilities for the Fiscal Year beginning July 1, 2022, and ending June 30, 2023, in accordance with the chart of accounts heretofore established for this City:

Environmental Protection	\$ 29,989,973
Other Financing Uses	2,342,421
Debt Service	3,563,486
Contingency	<u>150,000</u>
	\$ 36,045,880

SECTION 5: It is estimated that the following revenue will be available in the Sludge Compost Fund for the Fiscal Year beginning July 1, 2022, and ending June 30, 2023:

Restricted Intergovernmental Revenues	\$ <u>2,141,323</u>
	\$ 2,141,323

SECTION 6: The following amounts are appropriated in the Sludge Compost Fund for the Fiscal Year beginning July 1, 2022, and ending June 30, 2023, in accordance with the chart of accounts heretofore established for this City:

Environmental Protection	\$ <u>2,141,323</u>
	\$ 2,141,323

SECTION 7: It is estimated that the following revenue will be available in the Stormwater Fund for the Fiscal Year beginning July 1, 2022, and ending June 30, 2023:

Other Financing Sources	\$ <u>273,556</u>
	\$ 273,556

SECTION 8: The following amounts are appropriated in the Stormwater Fund for the Fiscal Year beginning July 1, 2022, and ending June 30, 2023, in accordance with the chart of accounts heretofore established for this City:

Environmental Protection	\$ <u>273,556</u>
	\$ 273,556

SECTION 9: It is estimated that the following revenues will be available in the Airport Fund for the Fiscal Year beginning July 1, 2022, and ending June 30, 2023:

Sales and Services	\$ 1,606,270
Restricted Governmental Revenues	58,000
Investment Earnings	2,500
Other Financing Sources	<u>250,000</u>
	\$ 1,917,220

SECTION 10: The following amounts are appropriated in the Transportation Fund for the operation of Transit and Airport activities for the Fiscal Year beginning July 1, 2022, and ending June 30, 2023, in accordance with the chart of accounts heretofore established for this City:

Transportation	\$ 1,717,220
Contingency	<u>200,000</u>
	\$ 1,917,220

SECTION 11: It is estimated that the following revenues will be available in the Solid Waste Fund for the Fiscal Year beginning July 1, 2022, and ending June 30, 2023:

Other Taxes	\$ 30,000
Sales and Services	6,238,500
Investment Earnings	5,000
Miscellaneous	2,000
Other Financing Sources	<u>317,593</u>
	\$ 6,593,093

SECTION 12: The following amounts are appropriated in the Solid Waste Fund for the operation of recycling, residential solid waste collection and commercial bulk services activities for the Fiscal Year beginning July 1, 2022, and ending June 30, 2023, in accordance with the chart of accounts heretofore established for this City:

Environmental Protection	\$ 6,373,338
Debt Service	169,755
Contingency	<u>50,000</u>

\$ 6,593,093

SECTION 13: It is estimated that the following revenue will be available in the Capital Reserve Fund for the Fiscal Year beginning July 1, 2022, and ending June 30, 2023:

Other Financing Sources	\$	<u>3,964,000</u>
	\$	3,964,000

SECTION 14: The following amounts are hereby appropriated in the Capital Reserve Fund for the Fiscal Year beginning July 1, 2022, and ending June 30, 2023, in accordance with the chart of accounts heretofore established for this City:

General Government	\$	1,624,000
Environmental Protection		1,340,000
Other Financing Uses		<u>1,000,000</u>
	\$	3,964,000

SECTION 15: It is estimated that the following revenue will be available in the Water and Sewer Capital Reserve Fund for the Fiscal Year beginning July 1, 2022, and ending June 30, 2023:

Other Financing Sources	\$	<u>1,731,286</u>
	\$	1,731,286

SECTION 16: The following amounts are hereby appropriated in the Water and Sewer Capital Reserve Fund for the Fiscal Year beginning July 1, 2022, and ending June 30, 2023, in accordance with the chart of accounts heretofore established for this City:

Other Financing Uses	\$	<u>1,731,286</u>
	\$	1,731,286

SECTION 17: The following amounts form the revenue portion of the financial plan for the Fleet Maintenance Fund:

Sales & Services	\$	<u>3,020,962</u>
	\$	3,020,962

SECTION 18: The following amounts form the expenditure portion of the financial plan for the Fleet Maintenance Fund:

General Government	\$	<u>3,020,962</u>
	\$	3,020,962

SECTION 19: The following amounts form the revenue portion of the financial plan for the Insurance Fund:

Sales & Services	\$	7,293,419
Investment Earnings		20,000
Other Financing Sources		<u>63,994</u>
	\$	7,377,413

SECTION 20: The following amounts form the expenditure portion of the financial plan for the Insurance Fund:

General Government	\$	<u>7,377,413</u>
	\$	7,377,413

SECTION 21: The operating funds encumbered on the financial records of June 30, 2022, are hereby reappropriated into this budget.

SECTION 22: There is hereby levied a property tax at the rate of sixty-two and seventy-five ten thousandths' cents (\$0.6275) per one hundred dollars (\$100) valuation of property as listed for taxes as of January 1, 2022, for the purpose of raising the revenue listed as "Ad Valorem Taxes" in the General Fund in Section 1 of this ordinance. This rate is based on a total estimated valuation of property for the purposes of taxation of \$5,385,377,214 and the Fiscal Year 2021-2022 estimated rate of collection of 96.02%.

SECTION 23: The corresponding "FY 2022-2023 Schedule of Fees" is approved with the adoption of this Annual Budget Ordinance.

SECTION 24: The City Manager (Budget Officer) is hereby authorized to transfer appropriations as contained herein under the following conditions:

- a. He may transfer amounts between line-item expenditures within the same functional area within a fund without limitation and without a report being required.
- b. He may transfer amounts up to \$250,000 between functional areas including contingency appropriations within the same fund.
- c. He may not transfer any amounts between funds, except as approved by the Governing Board in the Annual Budget Ordinance as amended.

SECTION 25: The City Manager (Budget Officer) is hereby authorized to execute agreements, within funds included in the Budget Ordinance or other actions by the Governing Body, for the following purposes:

- a. Form grant agreements to public and non-profit organizations;
- b. Leases of routine business equipment;
- c. Consultant, professional, or maintenance service agreements;
- d. Purchase of supplies, materials, or equipment where formal bids are not required by law;
- e. Purchase of real property when a budget amendment is not required;
- f. Applications for and agreements for acceptance of grant funds from federal, state, public, and non-profit organizations, and other funds from other governmental units, for services to be rendered which have been previously approved by the Governing Body;
- g. Construction or repair projects;
- h. Liability, health, life, disability, casualty, property, or other insurance or performance bonds;
- i. Other administrative contracts which include agreements adopted in accordance with the directives of the Governing Body.

SECTION 26: Copies of the Annual Budget Ordinance shall be furnished to the City Clerk, to the Governing Board and to the City Manager (Budget Officer) and the Finance Officer to be kept on file by them for their direction in the disbursement of funds.

CITY OF HICKORY
2022 COMMUNITY DEVELOPMENT ENTITLEMENT
BLOCK GRANT PROJECT ORDINANCE

BE IT ORDAINED by the City Council of the City of Hickory that, pursuant to Section 13.2 of Chapter 159 of the General Statutes of North Carolina, the following grant project ordinance is hereby adopted.

SECTION 1. The project authorized is the 2022 Community Development Entitlement Block Grant program.

SECTION 2. The officers of this unit are hereby directed to proceed with the grant project within the terms of the grant document(s), the rules, and regulations of the Department of Housing and Urban Development, and the budget contained herein.

SECTION 3. The following revenues are anticipated to be available to complete the project:

Restricted Intergovernmental Revenues	\$ 300,000
Miscellaneous	<u>100,000</u>
	\$ 400,000

SECTION 4. The following amounts are appropriated for the project:

Economic and Community Development	\$ <u>400,000</u>
	\$ 400,000

SECTION 5. The Finance Officer is hereby directed to maintain within the Grant Project Fund sufficient specific detailed accounting records to provide the accounting to the grantor agency required by the grant agreement(s) and Federal and State regulations.

SECTION 6. Funds may be advanced from the General Fund for the purpose of making payments as due. Reimbursement requests should be made to the grantor agency in an orderly and timely manner.

SECTION 7. The Finance Officer is directed to report quarterly on the financial status of each project element in Section 4 and on the total grant revenues received or claimed.

SECTION 8. The City Manager (Budget Officer) is directed to include a summary analysis of past and future costs and revenues on this grant project in every budget submission made to this board.

SECTION 9. Copies of this grant project ordinance shall be furnished to the Clerk of the Governing Board, the City Manager (Budget Officer) and the Finance Officer for direction in carrying out this project.

2. Approved the Voluntary Contiguous Annexation of Property Owned by BV 211, LLC, Containing 1.35 Acres, Located at 2906 Springs Road NE, PIN 3723-10-37-0072 – Planning Director Brian Frazier.

Consideration of the voluntary contiguous annexation of 1.35 acres of property located at 2906 Springs Road NE. This property is identified as PIN 3723-10-37-0072. BV 211, LLC has petitioned for the voluntary contiguous annexation of 1.35 acres of property located at 2906 Springs Road NE. The subject property is currently located within Hickory's extra-territorial jurisdiction (ETJ) and zoned Commercial Corridor (CC-2). The annexation is being requested to gain access to City services. The current zoning permits commercial uses at a floor area ratio of 2:1 and residential uses at a density of 30 units per acre. The new owners intend to construct a new restaurant on the parcel. The current tax value of the property is \$420,400. If annexed with its present value, the property would generate additional tax revenues of \$2,638. The construction of the future restaurant will increase the tax value of the property. Upon analysis, staff has determined the petition meets the statutory requirements for voluntary contiguous annexation, and adequate public services are available. Staff recommends Council's approval of the petition.

This public hearing was advertised in a newspaper having general circulation in the Hickory area on May 20, 2022.

City Manager Warren Wood asked Planning Director Brian Frazier to the podium to present Council with a voluntary contiguous annexation of property owned by BV 211, LLC, containing 1.35 acres, located at 2906 Springs Road NE.

Planning Director Brian Frazier presented a PowerPoint presentation. He advised the applicant was Maurice Jennings Jr., the LLC's Manager. It was a voluntary annexation at 2906 Springs Road NE, containing 1.35 acres, located in Ward 1. The restaurant had been demolished, that was the old Shell's Barbecue. It was gone and the site work had commenced. The future development would be for another restaurant, a national chain Biscuitville, which was public information. Annexation was being requested to obtain connection to sanitary sewer. He referred to the PowerPoint and displayed the annexation boundary map. He pointed out the project site, the Biscuitville site, the area which was currently in City limits, and the area that was in the extra territorial jurisdiction (ETJ). There was continuity on contiguous properties. He referred to the PowerPoint and displayed an aerial photography map. He pointed out Shell's Barbecue, the diner was still in place as the photo was probably from 2018. He pointed out the Dollar General Store, Burger King, Auto Sports of Hickory, and White Tire to give perspective as to the location of the property. He referred to the PowerPoint and displayed a current zoning map. He pointed out the CC-1 and CC-2 areas and noted the different forms of low and medium residential density. He discussed staff's findings and recommendation. The voluntary annexation petition complied with all applicable annexation statutes of the State. Adequate public services were available in sufficient quantities and the annexation of the property would not cause available services to fall below acceptable levels. Based on these findings staff recommended approval of the requested annexation. He asked for any questions.

Mayor Guess asked City Council for any questions.

Alderman Wood asked if Springs Road was North Carolina Department of Transportation (NCDOT) maintained.

Planning Director Brian Frazier replied yes.

Alderman Wood asked if any questions or any regulations regarding exit, ingress, egress, or regress would be controlled by DOT on the Springs Road front of this property.

Planning Director Brian Frazier responded that was correct.

Mayor Guess asked for any other questions. He explained the rules for conducting the public hearing. He declared the public hearing open and asked if there was anyone present to speak in opposition to the proposal. No one appeared. Mayor Guess asked if there was anyone present to speak in favor of the proposal. No one appeared. Mayor Guess closed the public hearing.

Alderman Seaver moved, seconded by Alderwoman Patton approval of the voluntary contiguous annexation of property located at 2906 Springs Road NE. The motion carried unanimously.

ANNEXATION ORDINANCE NO. 475
VOLUNTARY ANNEXATION ORDINANCE (CONTIGUOUS)
BV 211, LLC

AN ORDINANCE TO EXTEND THE CORPORATE LIMITS OF THE CITY OF HICKORY, NORTH CAROLINA, PURSUANT TO GENERAL STATUTES 160A-58.1, AS AMENDED (CONTIGUOUS)

WHEREAS, the City Council of the City of Hickory desires to annex the area described herein, under G.S. 160A-58.1, as amended; and

WHEREAS, the City Council has by resolution directed the City Clerk to investigate the sufficiency of said annexation; and

WHEREAS, the City Clerk has certified to the sufficiency of said request, and a public hearing on the question of this annexation was held in the Council Chambers of the Julian G. Whitener Municipal Building, located at 76 North Center Street, Hickory, North Carolina, at 7:00 p.m. on the 7th day of June 2022; and

WHEREAS, the City Council of the City of Hickory further finds that the area described therein meets the standards of G.S. 160A-58.1(b), to wit:

- a. The nearest point on the proposed satellite corporate limits is not more than three miles from the corporate limits of the City of Hickory.
- b. No point on the proposed satellite corporate limits is closer to another city than to the City of Hickory.
- c. The areas described are so situated that the City will be able to provide services on the same basis within the proposed satellite corporate limits that it provides within the primary corporate limits.
- d. No subdivision, as defined in G.S. 160A-376, will be fragmented by this proposed annexation.

WHEREAS, the City Council of the City of Hickory does hereby find as a fact that said petition has been signed by all the owners of real property in the area who are required by law to sign and all other requirements of G.S. 160A-58.1 as amended, have been complied with; and

WHEREAS, the City Council further finds that the annexation is otherwise valid, and that the public health, safety, and welfare of the City of Hickory and of the areas proposed for annexation will be best served by annexing the area herein described.

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF HICKORY, NORTH CAROLINA:

Section 1. By virtue of the authority granted by G.S. 160A-58.2, as amended, the following-described contiguous territory is hereby annexed and made a part of the City of Hickory as of the 30th day of June 2022:

Contiguous Annexation
BV 211, LLC

Being a 1.35 Acre tract of land lying in the City of Hickory, Catawba County, North Carolina, and being shown as the southern tract on a plat for Blake L. Watts, Jr., and Lisa M. Watts, as recorded in Deed Book 3713, Page 1136, and Plat Book 54 Page 149, Catawba County Registry, and being more particularly described as follows:

Beginning at an existing P.K. nail in the northern right-of-way of Springs Road-12th Avenue NE, with NC Grid coordinates (NAD '83) N:736,974.37 E:1,323,226.18; thence along said right-of-way, S 70°09'22" W a distance of 5.84' to a P.K. nail; thence continuing along said right-of-way, along a curve turning to the right with a radius of 1051.35', a chord bearing of S 77°50'53" W, and a chord length of 281.44', to a new iron pipe, the southeast corner of Maynard Paul Rhyne and Diane W. Maynard (D.B. 1862 PG. 1231); thence N 00°17'10" W a distance of 174.07' to a 3/4" iron pipe in the eastern line of Hilderbran Investment Properties, LLC. (D.B. 2406 PG. 176); thence N 03°12'09" W a distance of 52.48' to a new iron pipe in the eastern line of Terry L. Walker and Dana J. Walker, (D.B. 3040 PG. 1706); thence along the southern line of Blake Lanier Watts, Jr., and Lisa M. Watts (D.B. 1890 PG. 1343, D.B. 1701 PG. 309), N 79°02'45" E a distance of 236.04' to a new iron pipe in the western line of Four K Brothers, LLC. (D.B. 3277 PG. 249); thence along said line, S 14°04'39" E a distance of 216.60' to the point of beginning, having an area of 59071.3 square feet or 1.35 acres.

Section 2. Upon and after the 30th day of June 2022, the above-described territory and its citizens and property shall be subject to all debts, laws, ordinances, and regulations in force in the City of Hickory and shall be entitled to the same privileges and benefits as other parts of the City of Hickory. Said territory shall be subject to municipal taxes according to G.S. 160A-58.10, as amended.

Section 3. The newly annexed territory described herein shall become part of Ward No. 1 of the City of Hickory.

Section 4. The Mayor of the City of Hickory shall cause to be recorded in the Office of the Register of Deeds of Catawba County, and in the Office of the Secretary of State at Raleigh, North Carolina, an accurate map of the annexed territory, described in Section 1 hereof, together with duly certified copy of this Ordinance. Such a map shall also be delivered to the County Board of Elections, as required by G.S. 163-288.1.

ADOPTED THIS 7TH DAY OF JUNE, 2022.

3. Approval of a Resolution Directing that Street Improvement Project Be Undertaken for Curb and Gutter along a Portion of 6th Avenue Drive NW, Petition Number 22-02 – Presentation by Public Works Director Steve Miller.

Staff requests Council's approval of a resolution directing that the street improvement project be undertaken concerning petition number 22-02 requesting the City construct curb and gutter along a portion of 6th Avenue Drive NW (PIN 370314235085). The City Clerk received a petition from the owners of the property along 6th Avenue Drive NW (PIN 370314235085) to install curb and gutter along a portion of their street as per Section 29-2 of the Hickory Code of Ordinances. The petitioner(s) represent a majority, greater than 50 percent of the property owner(s) as well as a majority, greater than 50 percent of the property footage of the property frontage requested in the petition and therefore qualifies as a valid petition. The signature(s) on the petition represent 100 percent of the property owner(s) affected, who in turn represent 100 percent of the property footage affected. The City Clerk, as shown on the included Certificate of Sufficiency, validated these numbers. Staff recommends Council's approval of a resolution directing that the street improvement project be undertaken concerning petition number 22-02 requesting the City construct curb and gutter along a portion of 6th Avenue Drive NW (PIN 370314235085).

This public hearing was advertised in a newspaper having general circulation in the Hickory area on May 23, 2022.

City Manager Warren Wood asked the City's Public Works Director Steve Miller to the podium to present Council with a Resolution directing that the street improvement project be undertaken for curb and gutter along a portion of 6th Avenue Drive NW, Petition Number 22-02.

Public Works Director Steve Miller presented a PowerPoint presentation. He advised for Council's consideration was a Resolution directing that the street improvement project be undertaken for curb and gutter on a portion of 6th Avenue Drive NW. The City Clerk received a petition from the owners of the property along 6th Avenue Drive NW to install curb and gutter along a portion of their street per Section 29-2 of the Hickory Code of Ordinances. He advised this one was a little different than normal. He referred to the PowerPoint and pointed out the house in question. They were doing a pretty large remodel. He advised it

was located behind Holy Trinity Church. He pointed out the location of the church parking lot. They had already done a curb and gutter petition on the front which was actually 6th Street Drive. On 6th Avenue Drive they wanted to add curb and gutter. They had to do a separate petition because they could not add to the first petition. They were so happy with how it turned out in the front and were adding this new portion to the side. He referred to the PowerPoint and displayed a photo of what it would look like. They had already put the new curb and gutter in the front, and this would be an addition down the side to complete that project for them. He advised there was a whole remodel at this location where they had added on an addition and then this curb and gutter would come right down the street. Staff recommended Council's approval of a Resolution directing that the street improvement project be undertaken, concerning petition number 22-02 requesting the City construct curb and gutter along a portion of 6th Avenue Drive NW. He added they would be assessed later on once it was built. They do not really know exactly what that would be until they build it. They measure it up and then assess them. That would come back to Council after they were finished. He asked Council for any questions.

Mayor Guess asked Council for any questions. He explained the rules for conducting the public hearing. He declared the public hearing open and asked if there was anyone present to speak in opposition to the proposal. No one appeared. Mayor Guess asked if there was anyone present to speak in favor of the proposal. No one appeared. Mayor Guess closed the public hearing.

Alderwoman Patton moved, seconded by Alderman Seaver approval of the Resolution directing that the street improvement project be undertaken for petition number 22-02. The motion carried unanimously.

RESOLUTION NO. 22-31

Resolution Directing That Street Improvement Project Be Undertaken (Petition No. 22-02)

WHEREAS, on 5th day of May, 2022, the property owners of 623 8th Street Drive NW, Hickory filed with the City Engineer of the City of Hickory a petition for improving said street by placing and constructing thereon curb and gutter according to plans and specifications on file in the office of the City Engineer; and

WHEREAS, the City Clerk has certified to the City Council of the City of Hickory that said petition is sufficient in all respects, the same having been duly signed by a majority in number of the owners, whose property represents a majority of all the lineal feet of frontage of the lands abutting upon the streets or portion of streets hereinabove described; and

WHEREAS, a Preliminary Assessment Resolution was adopted by this City Council and a public hearing thereon duly held.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF HICKORY, NORTH CAROLINA:

1. That a portion of 623 8th Street Drive NW, Hickory be improved by placing and constructing thereon curb and gutter under and by virtue of Chapter 160A, Article 10 of the General Statutes of North Carolina and the procedure therein established, and that said improvements be done by the City of Hickory or by contract after due notice and advertisement for bids, as outlined by Chapter 143, Section 129, of the General Statutes of North Carolina.
2. That 50 percent of the total cost of said improvement, exclusive of so much of the total costs as is incurred in improving the street intersections, be hereafter assessed upon the property receiving the improvements.
3. That the assessment herein provided for shall be payable in cash, or if any property owner shall so elect, in accordance with Chapter 160A, Sections 232 and 233 of the General Statutes of North Carolina, he shall have the option and privilege of paying the assessment in five (5) annual installments, said installments to bear interest at the rate of 8 percent per annum.

B. Departmental Reports:

1. Appointments to Boards and Commissions

COMMUNITY APPEARANCE COMMISSION

(Terms Expiring 6-30; 3-Year Terms) (Appointed by City Council)
At-Large (Outside City but within HRP) (Council Appoints) VACANT

COMMUNITY RELATIONS COUNCIL

(Terms Expiring 6-30; 3-Year Terms) (Appointed by City Council)
Other Minority (Council Appoints) VACANT
Other Minority (Council Appoints) VACANT
Other Minority (Council Appoints) VACANT
Differently Abled and is African American or Other Minority (Council Appoints) VACANT
Differently Abled (Council Appoints) Beth Whicker
(Not Eligible for Reappointment)

LIBRARY ADVISORY BOARD

(Terms Expiring 6-30; 3-Year Terms) (Appointed by City Council)
Ward 3 (Seaver Appoints) VACANT
(Beth Schauble Resigned 11-10-2021)

PUBLIC ART COMMISSION

(Terms Expiring 6-30; 3-Year Terms) (Appointed by City Council)
Ward 4 (D. Williams Appoints) VACANT

RECYCLING ADVISORY BOARD

(Terms Expiring 6-30; 3-Year Terms) (Appointed by City Council)
Ward 6 (Patton Appoints)(Lona Hedrick Resigned 1-11-2022) VACANT

YOUTH COUNCIL

(Terms Expiring 6-30; 1-Year Terms) (Appointed by City Council)

Youth Council Applicant Review Committee Recommends the Following Appointments:

Fred T. Foard VACANT
Homeschool VACANT

Mayor Guess advised if anyone was interested in serving on any of the voluntary Boards or Commissions, to please see one of the Council Members or himself and they would be glad to answer any questions they might have concerning that.

C. Presentation of Petitions and Requests

- XII. Matters Not on Agenda (requires majority vote of Council to consider)
- XIII. General Comments by Members of Council, City Manager or City Attorney of a Non-Business Nature
- XIV. Closed Session Per NC General Statutes 143-318.11(a)(1)(3) to consult with the attorneys regarding the following: (Action on these items, if any, will occur in Open Session)

Mayor Guess moved, seconded by Alderwoman Patton that Council go into closed session to consult with the attorneys to discuss the items below. The motion carried unanimously.

- 1. Approval of Closed Session Minutes of May 17, 2022 - NCGS §143-318.11(a)(1)
- 2. Discussion of Litigation – NCGS §143-318.11(a)(3).

Council convened to closed session at approximately 8:00 p.m.

Council reconvened to open session at approximately 8:27 p.m.

Upon returning to open session Mayor Guess moved, seconded by Alderwoman Patton that City Council approve its litigation counsel to review new documents received in the arch litigation and bring additional claims in the lawsuit against existing or new parties. The motion carried unanimously.

Mayor Guess moved, seconded by Alderwoman Patton that City Council approve its litigation counsel to represent any City employees in the Engineer Licensing Board investigation in their capacity as City employees. The motion carried unanimously.

- XV. There being no further business, the meeting adjourned at 8:28 p.m.

June 7, 2022

Mayor

City Clerk